Worksheet L

Debt to Equity Ratio

DER = LTL ÷ OE

Where:	DER =	Debt/equity ratio
	LTL =	Long-term liabilities (long-term debt such as bonds, debentures, and bank debt, and all other noncurrent liabilities such as deferred income taxes)
	OE =	Owner equity (the difference between total assets and total liabilities, including contributed or paid in capital and retained earnings)

	Three Most Recently Completed Fiscal Years			
	2010	2009	2008	
LTL	$59,786,000,000	$65,830,000,000	$64,820,000,000	(1)
OE	$69,109,000,000	$62,613,000,000	$56,265,000,000	(2)
DER [(1)/(2)]	0.87	1.05	1.15	(3)

Considerations:

Is the most recent year typical of the three years?

☐ Yes ☑ No

If not, do you want to use an earlier year for the analysis?

☐ No, use 2010 ☑ Yes, use 2009 ☐ Yes, use 2008

How does the debt to equity ratio (3) compare with the ratio for firms in the same business?